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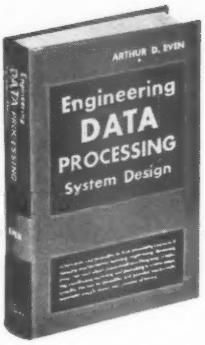

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- ***APRIL 29***

  Plant Layout and Material Handling Seminar; an all-day session conducted by Irving M. Footlik. Hotel New Yorker, New York City.

- ***MAY 15-20***

  S.A.M.-N.T.L. Six-day Workshop in Leadership Development, Burlington, Wisconsin.

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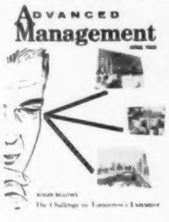


Progress Through Enlightened Management

CONTENTS

The Challenge to Tomorrow's Executive ....by ROGER BELLOWS 6

Qualifications of present-day executives are examined to find if they are prepared to meet future changes in their own goals and business relationships as well as problems rising from anticipated world population changes.

The Meaning of Management As a Profession ....by ROBERT G. MURDICK 11

Current trends toward professionalization of management are reviewed by a critic who asks for careful definition of terms, and paints an imaginary but striking picture of the day when the licensed manager may become a reality.

What Stops Our Communications? ....by WILLIAM S. TACEY 17

Some of the common causes of ineffectual messages in business and industry are surveyed by an educator. Various kinds of communication barriers, set up by management, employees and labor union representatives, are analyzed here.

The Challenge of Executive Appraisal ....by MICHAEL G. BLANSFIELD 20

The author of this article contends that we often fail to make use of the discoveries of our social scientists in judging development needs. Included is a comparison of "optimistic" and "pessimistic" management philosophies.

The Promoter: An Omitted Chapter in the Textbooks ....by BERNARD SARACHEK 25

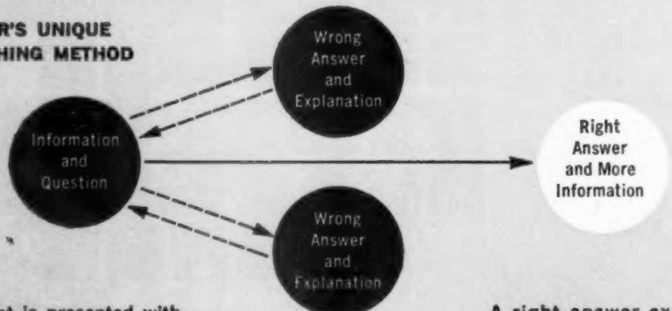
"Breaking through the cake of custom" is the job of the promoter, a type of businessman not often discussed in management literature. Emphasis is placed here on problems and practices of the nonconformist Entrepreneurial Promoter.

S.A.M. News and Notes: 1960-61 National Officer Nominees 5

University Division News 29

Correspondence 30

TUTOR'S UNIQUE TEACHING METHOD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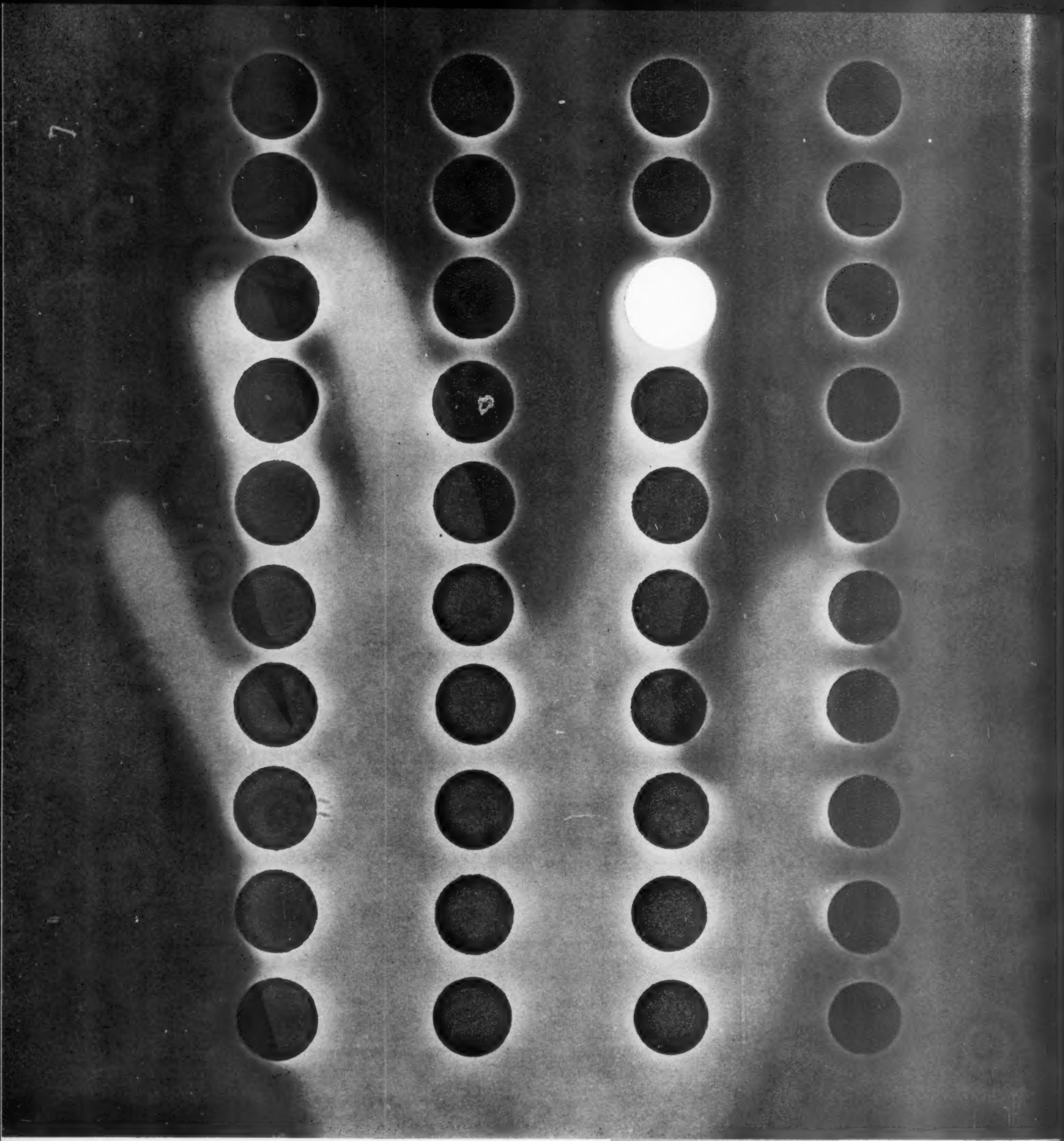

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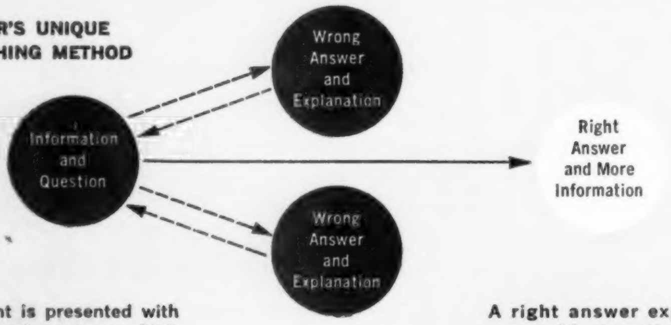
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President: James E. Newsome

1st Vice President: R. B. Curry

2nd Vice President: David N. Wise

Secretary: Hezz Stringfield Jr.

Treasurer: J. Gordon Campbell

The S.A.M. 1960-61 Nominations Committee was elected at the National Board of Directors meeting on November 1, 1959. All chapters were requested to submit their nominations for national officers. Based upon recommendations made by the various chapters to the committee, all names submitted were carefully considered.

The Nominations Committee has reported that it was gratified by the large number of nominations for the new year's national officers made by the chapters.

The committee met again in February 1960 and reported to the National Executive Committee on February 5th. They have unanimously nominated the members listed below for the 1960-61 term. These nominees will be voted upon at the April 9th National Board of Directors meeting.

Chairman of the Board: Dause L. Bibby (Binghamton Chapter). Currently National President, Mr. Bibby has been active in the society since 1952. He was formerly a vice president of International Business Machines Corp. and executive vice president of Daystrom, Inc., and now holds the post of executive vice president of Remington Rand Division of Sperry Rand Corp. Bibby was one of the founders of the Binghamton Chapter of S.A.M.

President: James E. Newsome (Chicago Chapter). Mr. Newsome, active in the society since 1948, is production manager of Johnson & Johnson, Chicago, and was formerly with Continental Can Co. and U.S. Steel Corp. Presently 1st Vice President of S.A.M., he has held the post of National Secretary, as well as the positions of President, Executive Vice President, and National Director of the Chicago Chapter.

First Vice President: Robert B. Curry (Washington D.C. Chapter). Mr. Curry, a Past President of the Washington Chapter, is currently S.A.M. National Treasurer. Before assuming his present duties as comptroller of the Southern Railway Co. in 1955, he was assistant director of Johns Hopkins University's Applied Physics Laboratory. He has also served as organizer of the Budget Division of the Office of the Secretary of Defense.

Second Vice President: David N. Wise (Pittsburgh Chapter). Mr. Wise, manager of Applied Research and Engineering, Safety Products Division of Mine Safety Appliances Co., has been a member of the society for 16 years. Currently National Vice President in charge of Senior Chapter Operations, he has devoted much effort to the regional reorganization of S.A.M.

Secretary: Hezz Stringfield, Jr. (Knoxville Chapter). A former President and National Director of the Knoxville Chapter, Mr. Stringfield has been a member of S.A.M. since 1952, and is presently Southeastern Regional Vice President. He holds the position of finance director for the Union Carbide Nuclear Co.

Treasurer: J. Gordon Campbell (Montreal Chapter). Mr. Campbell, Canadian Regional Vice President and a member of the S.A.M. Finance Committee, is secretary-treasurer and a director of Canadian Ingersoll-Rand Co. A member of the society for 14 years, he has held all of the senior offices in the Montreal Chapter.

ADVANCED
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The Challenge to Tomorrow's Executive

By ROGER BELLOWS

The executive of the not-too-distant future will encounter difficult problems in three interrelated areas: his own individual growth; development of cooperative skills, including communication and human relations; and world population change. Are today's executives qualified to meet these challenges? How can they prepare to solve them?

Mr. Bellows, co-founder and director of Richardson, Bellows, Henry & Co., is currently Visiting Professor at the University of Minnesota. The accompanying article is adapted and condensed from a forthcoming Prentice-Hall book, Executive Skills: Their Dynamics and Development, *written in collaboration with Thomas Q. Gilson*

THE ART of progress "is to preserve order amid change and to preserve change amid order." The *status quo* is insufficient; to maintain it is to invite failure. Success requires orderly planning for change.

The challenge to future executives is a challenge for them to prepare to achieve their goals. What are the goals of the executive? They are of three kinds: individual growth; growth of the company or organization in which they function; growth of the community. These three sets of goals are so interrelated that failure in one will surely mean failure in the others.

The first objective, individual success, is commonplace, concrete, easy to understand. The 'rugged individualist' has the objective of personal success at all costs including failure to achieve organizational goals. The cooperative team worker couples personal motives with those of the organization and community-at-large. The former says, "I want a bigger slice of that pie." The latter says, "Let's work together to make a larger pie." Both are motivated: one for individual goals, the other for shared goals. The so-called protestant ethic emphasizes self goals, the social ethic emphasizes shared goals.[1]

Shared goals and ways to achieve them are less visible and more abstract than individual goals. This is true in part because we have learned to think of ourselves first. It is true also because shared goals are more difficult to define than individual goals. The simplest kind of communication is with ourselves; we know, or think we do, as individuals, what we want — higher salary, greater status, more power. Communication with others, to engender and enable shared goals, is difficult. Its difficulty increases as our organizations increase in size.

The executive's activity in engendering shared goals and his work toward them do not mean deadening conformity or lack of outstanding leadership. On the contrary greater skill is now and will be needed more-and-more by the cooperative executive than by the "rugged individualist". Development of the cooperative skills, including communication and human relations, comprise the basic needs of tomorrow's executive.

His challenge is made more severe and critical by the facts of automation and population changes which in part account for the coming scarcity of efficient, cooperative or organizational executives.

Automation, which has been slowly increasing complexity of human relations ever since an Egyptian invented the lever about 5,000 years ago, is today rapidly changing the functions of the executive; this is happening under his very eyes but often without his knowledge. The advent of the automatic factory reduces the number of semi-skilled workers needed but increases the number of executives and specialized personnel. It also changes the kind of executives needed. Contrast if you will extremes: the factory of Amasa Whitney, Winchendon, Massachusetts, in 1830 to the modern textile factory. It is difficult to imagine a more autocratic atmosphere than that at the Amasa Whitney factory.[2] Today's more automatic factory depends upon organization for cooperation between staff, research and development and line elements effected by communication, mutual understanding and mutual goals.

An example of the increased complexity of human relations problems that arise from automation is the problem of working out ways to ease the impact of automation on workers. Both business managements and labor unions are confronted with this problem. In the long run automation creates jobs for more workers by expanding sales which results from decreased costs. While these changes are going on workers are displaced and problems of facilitating their readjustment emerge. Retraining, replacement programs, and renegotiation of union contracts are needed. According to President Herbert Buetow of Minnesota Mining and Manufacturing Company, "We try to help our workers adjust to the constant elimination of semi-skilled jobs and creation of more highly skilled ones."[3]

---

[1] For an unfortunate philosophy favoring the 'protestant ethic', which decries attempts to view scientifically the cooperative mode of executive performance, see W. H. Whyte, Jr., *The Organization Man.* New York: Simon and Schuster, (1956); in contrast, see Lewis Mumford, "The Moral Challenge to Democracy," *The Virginia Quarterly Review*, XXXV (1959), pp. 560-76.

[2] See Roger Bellows, *Creative Leadership*, Englewood Cliffs, New Jersey: Prentice-Hall, Inc., (1959), p. 18.

The problems of automation are so severe that Walter Reuther, president of United Auto Workers, has made a plea for a permanent governmental agency to concentrate on collecting and interpreting data on technological change, because, he said, "We do not know what is hitting us. It is outrageous that a technical revolution intimately affecting all of us should be treated piecemeal and arbitrary."[4]

The challenge to tomorrow's executives includes problems which will stem from population changes. The need for managerial skills will be greater in the decades to come because of this. In the decade ending in 1965 there will be a 37 percent increase of professional and technical people and a 22 percent increase of managers. Growth of population to 193 million by 1965, increased automation, growth of companies, increase of the labor force to 74 million people, increase in gross national product to about 650 billion dollars, by 1965 compared to 391 billion ten years earlier, is foreseen.[5] There will be more high school and college graduates in the workforce than before. And, by 1965, there will be 700,000 fewer men in the 25-35 age group. Skillful executives and supervisors will be needed more than ever and supervisory development programs will play an even more important role.

The Rewards

Executives, who will have bigger problems, should also share in bigger rewards. Their rewards at the present time are not meager. They are of several kinds: 1) money; 2) status; and 3) professional service. Values of the first two are tending to give way to the third.

The median amount of money paid to the nation's top executives last year was $74,584.[6] The top three industries were metals manufacturing (which paid over $250,000 to the top 1.8 percent of its executives), chemicals, and oil and gas industries. Forty-four miscellaneous non-industrial companies, which included television, paid a median of $84,000 to their top executives; almost 7 percent of these were compensated by a portly $250,000 or more.

But the money reward appears smaller now than it did in the "age of the moguls," partly because of huge federal income tax cuts. Rather, status and professional service goals are more important to the thinking executive. Values are shifting. The traditional earmarks of the great man, earmarks that determine his status among his fellowmen, are changing. Not membership in 'old' families, not great wealth *per se,* but rather service to the community-at-large is becoming more significant as the most sought for status symbol.

The increasing professionalization of the executive function is, to us, proof of these changes in values. Professional endeavor has as its goal not great wealth but public service. The executive function is becoming more professional. There is now even a trend toward professional certification.[7] Appley says, "The belief that management is a profession has been stated by so many authorities and has so many facts to support it, that its acceptance would seem to be beyond question . . . certification of qualified managers is implied. In the not too distant future (it) will take more formal and specific shape."

Reward to a professional is mainly a feeling of service to mankind. Our view of motivation is based on the human need of recognition by fellow men. Not only service but also recognition for service which may be thought of as a kind of high level status achievement, is the reward that is both satisfying and enduring.[8]

Professional service implies ethical standards. Most executives now think and talk in terms of such standards. But some live by 'red tooth and claw.'[9] Professional certification would tend to formalize and standardize ethical codes and thereby insure at least a somewhat higher level of ethical behavior.

---

[3] "Automation's Impact," *Wall Street Journal,* XL (Dec. 1, 1959), p. 1.

[4] *The Wall Street Journal, Ibid.*

[5] Charles A. Myers, "Manpower Management: The Challenge of the 1960's," *Supervisory Management,* IV (1959), pp. 34-39.

[6] A survey of 1,674 executives was made by *Fortune* magazine, see *Fortune,* (November 1959), p. 138 ff. Similar data are available at Securities and Exchange Commission and American Management Association.

[7] Lawrence A. Appley, "Manager Certification," *Management News* XXXII (1959), p. 1-2.

[8] Mary Parker Follett has said that "The word 'profession' connotes a foundation of *science* and a motive of *service.*" See H. C. Metcalf ed., *Business Management as a Profession.* (1927), p. 73, quoted after Robert A. Gordon and James E. Howell, *Higher Education for Business* New York: Columbia University Press, (1959), p. 70, see also pp. 69-73.

[9] "Throat Cutting," (New York: *The Wall Street Journal,* November 30, 1957).

[10] Roger Bellows, *Ibid.,* pp. 269-89.

[11] Lawrence A. Appley, "Management Certification," *Management News* XXXII (1959), pp. 1-2.

[12] "1,700 Top Executives," *Fortune,* (November, 1959), p. 138 ff.

Qualifications of the Executive

Minimum qualifications of executives have been studied by personnel research scientists for several decades. They have endeavored to identify the psychological characteristics necessary for success. They have sought ways for early identification of executive potential. Their results have been somewhat less than satisfactory; we have no tools as yet for the precise measurement of characteristics necessary for the executive function.[10]

The relative inaccuracy of tools for prediction of executive performance stems from three factors. One is the extreme complexity of executive behavior; another is the inadequacy of tests and measuring techniques (some are useful in some situations, others are useless, many are misused); another, and by far the greatest difficulty, is the fact that different situations call for different executive performance which in turn requires different skills and characteristics. There is no such thing as an executive personality because some situations require one set of behavior patterns while other situations require other sets of behavior patterns. Thus we would not, or at least we should not, expect traits to generalize from one situation to another. If we should not expect this, why then should we seek tools that will work in every executive situation?

On the other hand it is likely that there is a core of behavior skills that may be common to all executive situations. It is this core, or common body of skills, that research workers seek to identify by measurement. That less than a great deal of progress has been made as evident from an overview of the current thinking on this subject. The following lists show characteristics thought to be necessary for executive performance by various authorities.

The first list includes:

Emotional stability, psychological adjustment to the work to be done, and basic management aptitudes.

Personal qualifications including sensitivity to detail, awareness of opportunity, appreciation of human values, willingness to make sacrifices, economic acuity.

A philosophy of management

Management skills[11]

A second list containing the most common background characteristics of top paid executives includes:

Willingness to work some 52 hours a week for top compensation

Long tenure in one big company (average was 27 years)

College graduation with top grades in college and a major in law, business, economics, engineering or science

Political preference: Republican[12]

A third list, with items arranged in order of significance, includes:

Ability to delegate responsibility
Breadth of knowledge
Ability to analyze and evaluate
Ability to judge people
Ability to cooperate with others
Ability to make decisions
Drive or motivation
Responsibility[13]

A fourth list includes:

Somewhat better than average intelligence
Well rounded interests and aptitudes
Better than average facility in communications
Mental and emotional maturity
Appreciation of the value of cooperative effort
Ability to deal effectively with people
Effective use of so-called executive skills
Strong inner drive or motivation[14]

A fifth and final list of this sampling of many available studies of characteristics associated with successful executive performance includes the following items that tended to differentiate, on the basis of factor analysis, good from poor supervisors:

Open-mindedness
Personal compliance
Rewarding performance
Cheerfulness
Acceptance of responsibility
Group spirit
Approachability
Impartiality
Consideration
Poise
Personal drive (motivation)[15]

The five lists of traits we have reviewed contain different items. It is noteworthy that drive or motivation is common to almost all of them. The fact that there are not more common items is not surprising when we consider the many different kinds of situations in which executives function. "The performance of an individual depends upon what the *man* is, what the *job* is, and what the *situation* is."[16]

The Executive Function

For several years the Industrial Relations Center at the University of Minnesota has been developing and evaluating methods for study of executive positions.[17] Procedure for grouping executive positions into families on the basis of amount of time spent on similar functions have been developed. This has been found to yield groupings that are reasonably reliable.

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[13] Frederick J. Gaudet and A. Ralph Carli, "Why Executives Fail," *Personnel Psychology*, X (1957), pp. 7-21.

[14] Cecil E. Goode, "Significant Research on Leadership," *Personnel*, XXVII (1951), pp. 342-50.

[15] Darrell E. Roach, "Factor Analysis of Rated Supervisory Behavior," *Personnel Psychology*, X (1957), pp. 487-98.

[16] Renato Tagiuri, "Research in Executive Selection," A paper presented at a symposium on management selection research, Sixty-sixth Annual Convention of The American Psychological Association, (1958). That the situation plays a more than passive role in the success of an executive is emphasized by such studies as H. D. Meyer and G. L. Pressel, "Personality Test Scores in the Management Hierarchy," *Journal of Applied Psychology*, XXXVIII (1954), pp. 73-80; L. W. Porter and E. E. Ghiselli, "The Self Perceptions of Top and Middle Management," *Personnel Psychology*, X (1957), pp. 397-406; C. G. Browne and R. P. Shore, "Leadership and Predictive Abstracting," *Journal of Applied Psychology*, XL (1956), pp. 112-16; R. Bellows, *Creative Leadership*, *Ibid.* pp. 31-53 and 290-310; see also chapter titled *Human Relations Skills*, below and Robert A. Gordon and James E. Howell, *Higher Education for Business*, New York: Columbia University Press, (1959), pp. 75-102.

[17] This research, directed by Thomas Mahoney, is being conducted by Stephen J. Carroll, Thomas Jerdee, Allan H. Nash and others.

Six executive functions, into which most executive positions fall, have emerged. These are:

Supervising
Planning
Investigating
Coordinating
Evaluating
Negotiating

Two additional categories of positions are generalists and multispecialists.[18]

Table 1 shows the number of positions, of a sample of 392 positions, which fall into each functional group.

Functional Group	Number and % of Position	
	Number	%
Supervising	144	37
Planning	73	18
Investigating	31	8
Coordinating	24	6
Evaluating	20	5
Negotiating	17	4
Generalists	58	16
Multispecialists	25	6
(Total)	392	100

Table 1
Number and Per Cent of Positions
which Fall into Each Defined
Functional Group

Of the six clear-cut functional groups, supervision is the area that contains by far the largest proportion of positions. It contains over a third, and twice as many as planning which is the next most populated group.

Executive Training and Development

It is appropriate to distinguish between learning and training. Learning may be defined as (1) change in the behavior of an individual. This is a rather cautious definition: we could say that learning is (2) improvement in behavior. The first definition fits more situations than does the second one. However, all learning situations in which we are interested have improvement as the goal.

Training differs from learning: training may be defined as the process which brings about learning as defined above. Training is the arrangement of the environment or conditions so that learning, as change or improvement, can take place. It so happens that educational psychologists have used the word "learning" more frequently than "training". Since the beginning of educational psychology with the early work of Ebbinghaus in 1885—at least that may be said to be the first objective study of learning—educational psychologists have studied what they call the learning process. Their emphasis has been pure: they merely wanted to explain and describe learning. We are concerned with how to train executives, or how they can train themselves. It is the management of these conditions that we call training.

A person can be both trainer and learner at the same time if he manages conditions for his own learning and learns. Setting the conditions so that personal development may take place with maximum economy and maximum effectiveness now becomes our goal.

Ability is a necessary but insufficient condition for improvement of performance. Motivation might be related to ability in two possible ways:

1) Performance = ability + motivation, or
2) Performance = ability × motivation

The first hypothesis, that ability plus motivation yields high grade performance—at golf or bridge or chess or in managing people, selling, creating and inventing—does not hold up very well when viewed objectively and analytically. It is a false hypothesis because it does not work. Some people have high potential for golf or bridge or management, but would not be good performers because they do not care for these activities. In business and industry, a worker or executive who is uninterested in performance, who is "negatively inducted", will perform in a mediocre manner regardless of his ability or potential. We would not expect him to achieve par. From the first hypothesis we would expect that when ability is "at 100" and motivation is zero then performance would be at 100. This, of course, is not true. When ability is "at 100" and motivation is zero, performance is simply nothing, *e.g.*, the person who does not care to play golf.

When we come to examine the second hypothesis we find that, if ability is "100" and motivation is zero, performance is also zero: $100 \times 0 = 0$. This seems to fit the facts as we observe them in situations in which we seek to improve performance.

What we have said in the several paragraphs above strongly suggests that training must place special emphasis on motivation as a necessary and crucial factor in the performance formula. If we are to improve performance, the situation must provide for motivation.

Summary

Tomorrow's executive will be invited to confront difficult problems imposed by swift technological and population changes. It will be a great challenge; one on which the future of our civilization depends. But the rewards, especially in terms of achievement and professional public service, will be equally great. Position titles—such as manager, chief executive, director—do not adequately describe the functions of the executive. These include, in large part, working with people in a skillful way. From the scientific study of human relations is emerging not only integration of the social sciences but guides for executive behavior that will yield both productivity and harmony. ∎

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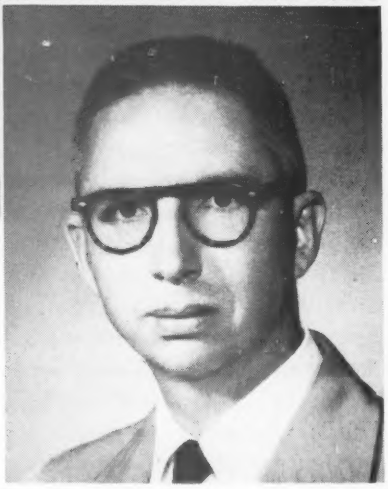
[18] Those executives who spend at least 30 percent of their time in a functional area *and* who exceed 75 percent of other executives in amount of time spent in this function, *or* who spend at least 10 percent more time in that one functional area than in any other are classified in that group. Generalists are defined as executives who do not spend at least 30 percent of their time in one functional area; multispecialists are those who spend 30 percent in two or more functions but less than 10 percent difference between them.

Is the concept of the "professional manager" an image promoted by large mature corporations, or is it a goal of free creative business men?

The Meaning of Management As a Profession

By ROBERT G. MURDICK



Mr. Murdick, author of a number of articles on management subjects, is a registered professional engineer

> *My Lord," said Patronia, "three impostors came to a king and told him they were cloth weavers and could fabricate a cloth of so peculiar a nature that a legitimate son of his father could see the cloth; but if he were illegitimate, he could not see it.*
>
> *"When the king dressed himself in this suit, he mounted on horseback and rode into the city. The people seeing his majesty come in this manner were much surprised; but knowing that those who could not see this cloth would be considered illegitimate sons of their fathers, kept their surprise to themselves. Not so, however, with a slave (who) said, 'Sire to me it matters not whose son I am, therefore, I tell you that you are riding without any clothes.' But no sooner had the slave said this than others were convinced of its truth and said the same."*
>
> *From "Count Lucanor"*
> *by Prince Don Juan Manuel*

THE ABOVE folk tale summarizes well the opinions on managing as a profession of many businessmen. This is particularly true of businessmen who have built their own businesses through initiative and enterprise. In addition, some thoughtful students of management doubt that management, by its very nature, can be a profession.

Is Managing Really a Profession?

The terms "Profession of Management" and "The Professional Manager" are appearing, however, with increasing frequency in the literature since Mary Parker Follett's paper of 1925. While a few authors such as Miss Follett have apparently given careful thought to the meanings of these terms, many others discuss them in a very superficial way. If managing is to be represented as a profession, now is the time to develop criteria. If the scientific aspects of management are to be developed, it appears reasonable that we should first understand the basic terms which we use. If we then believe that management is, or should be, a

"If the word 'profession' is to have any remaining significance

profession, we will have some clearly defined guidelines to follow. We need, therefore, to answer these questions:

1) What are the criteria for an occupation to be classified as a profession?
2) What do we mean by "manager" and "managing?"
3) Is managing now really a profession? If not,
4) *Can* managing be a profession? If so,
5) Will managing *become* a profession?

There is a considerable body of literature and information available to guide us in seeking the answers to these questions. The problem is to resolve the inconsistencies between various writings as well as the imagination of individual writers and reality. One purpose of this paper is to develop clear concepts to answer the five questions above without getting the reader bogged down with semantic niceties. As we proceed, it will become clear that the problem is one of separating out generally agreed upon concepts from the verbiage of much of the current literature.

What Do We Mean by Profession?

Too often, perhaps, the concept of *professional* is used simply because the word *professional* elevates the occupation by connotation or because it is euphonious. For example, "managing is a professional kind of work" has appeared in the literature without any attempt to explain further the meaning of professional in the author's mind or why being "professional" is significant. By reviewing some historical meanings and the literature, we will try to establish criteria for a profession in order to provide a more definite meaning for the term. From these criteria we can then determine whether management is or can be a professional type of work in the light of a more explicit definition.

The "learned professions" historically have been theology, law, and medicine. In recent times many groups such as engineers, teachers, golf instructors, retail store owners, baseball players, salesmen, and management theorists have been describing their occupations as professions. We will exclude from our discussion as irrelevant the "oldest profession" despite its firm basis in literature throughout the years. If the word *profession* is to have any remaining significance as an adjective for occupations, perhaps now is the time to rescue it. If *professional* is to become a loose term applying to any occupation in which one accepts money, then it should be clearly so represented to the public.

In order to establish a definition of *professional,* we might use the dictionary, study historical meanings, or define the term arbitrarily. The dictionary meanings are too brief and broad to provide us with any real substance. Historical meanings certainly have a value, and perhaps the best approach is to interpret the connotation of historical meanings and then to attempt to define *professional* arbitrarily. Just as logicians arbitrarily state definitions and axioms so that their science may be evolved, it might be well for us to define *professional* as a basic term in the social sciences. Further, we should examine both necessary and sufficient conditions for professionalism in developing our definition.

As a start for our investigation, we will do well to refer to the legal definition. Our body of law is built upon custom and precedent to a great degree and gives expression to the current thinking and beliefs of the masses as well. When we consider the care which lawyers use in their writing, it may not seem so afield to start at this point.

For some necessary conditions, let us refer to the Explanatory Bulletin, Regulations Part 541, defining "Professional" for purposes of the Fair Labor Standards Act of 1938. Section 541.3 states, in essence:

> The term "employee employed in a bona fide (Professional) capacity" shall mean any employee —
>
> (a) whose primary duty consists of the performance of work —
>
> (1) requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study, as distinguished from a general academic education and from an apprentice, and from training in the performance of routine mental, manual, or physical processes, or
>
> (2) original and creative in character in a recognized field of artistic endeavor (as opposed to work which can be produced by a person endowed with general manual or intellectual ability and training), and the result of which depends primarily on the invention, imagination, or talent of the employee; and
>
> (b) whose work requires the consistent exercise of discretion and judgment in its performance; and
>
> (c) whose work is predominantly intellectual and varied in character (as opposed to routine mental, manual, mechanical, or physical work) and is of such a character that the output produced or the result accomplished cannot be standardized in relation to a given period of time; and
>
> (d) who does not devote more than 20 percent of his hours worked in the work week to activities which are not an essential part of and necessarily incident to the work described in paragraphs (a) through (c) of this section.

Section 541.301 explains further that

> "The term 'professional' is not restricted to the traditional professions of law, medicine, and theology. It includes those professions which have a recognized status and which are

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1. Newsome, James E., "The Professional Manager," *Advanced Management*, April, 1959, Vol. 24, No. 4, p. 4.
2. Melcalf, H. E. and Urwick, L., *Dynamic Administration*, Harper & Brothers, New York, 1940, p. 132.
3. Pettee, G. S., "Operations Research as a Profession," in *Operations Research for Management*, McCloskey, J. F. and Trefethen, F. N. ed., The John Hopkins Press, 1954, pp. 36-37.

adjective for occupations, perhaps now is the time to rescue it”

> based on the acquirement of professional knowledge through prolonged study. It also includes the artistic professions, such as acting or music. Since the test of the bona fide professional capacity of such employment is different in character from the test for persons in the learned professions, an alternative test for such employees is contained in the regulations, in addition to the requirements common to both groups.”

Many authors have attempted to set forth a single sufficient condition in one sentence or thought. These might, perhaps, more correctly be called necessary conditions. Several of these are compiled in an editorial by James E. Newsome:[1]

> “Every calling has its mile of compulsion, its daily round of tasks and duties, its standard of honest craftsmanship, its code of man-to-man relations, which one must cover if he is to survive. Beyond that lies the mile of voluntary effort, where men strive for excellence, give unrequited service to the common good, and seek to invest their work with a wide and enduring significance. It is only in this second mile that a calling may attain to the dignity and the distinction of a profession.” (William Wickenden)
>
> “To be a professional one must be imbued with the motive of service.”
>
> “A professional follows a standard of conduct based on courtesy, honesty and ethics, which guides his relations with clients, colleagues and the public.”
>
> “The great dream of the professional manager is that some day he will find a way to share with his associates a mutually deep vision of what truly inspired human organization can achieve.”

Mary Parker Follett[2] discusses the philosophy of professionalism at length, but for a definitive statement she says mainly,

> “. . . for most people the word ‘profession’ connotes a foundation of science and a motive of service.”

George Pettee[3] in writing about operations research expresses his ideas on the meaning of profession simply as:

> “There is no mystery about the word ‘profession’ as it is used here. A profession is an identifiable group of people who earn their living in a common manner. It is something for which people can be trained. If it is an old and established profession, young people in college can decide that they want to belong to it and can prepare for it accordingly. A profession is a classifiable special skill, and its members can be readily identified by prospective clients. If it is a real profession, it is a career which a person can enter, where he can earn his living, and from which he can eventually retire with a sense of accomplishment.”

A necessary condition that seems to have faded with time is that in a profession almost all people engaged in the profession be self-employed or essentially free agents. Today, many groups of people which lay claim to being professional are composed of people who are employees of large companies or institutions. It might be argued that employees are subject to more direct and immediate pressures than self-employed individuals.

Dale Yoder,[4] E. D. Kemble[5] and the Engineers Joint Council[6] give some characteristics of professions which form an excellent base for the development of a complete set of criteria. These characteristics are, therefore, included in the following criteria which we propose.

1) Professional work requires knowledge obtained through advanced study in a field of science or learning customarily acquired by a prolonged *formal* course of *specialized* study as distinguished from *general* academic education and from an apprenticeship.

2) Professional work requires consistent exercise of discretion, judgment, and personal responsibility in its performance.

3) A profession must be regulated by a national-level association of its members which

  a. Establishes minimum levels of skill and knowledge.
  b. Establishes standards of ethical practice to guide the relations of members with each other, the client, and the public.
  c. Standardizes terminology.
  d. Sets policies and standard practices and procedures to be followed in appropriate cases.
  e. Publishes the official journal for the profession.
  f. Promotes the advancement of the science and art of the profession.

4) An in-training or internship period is required before professional status is achieved.

5) Practitioners are expected to extend the knowledge upon which the profession is based.

6) Practitioners make their knowledge and contributions freely available to others in the profession and take responsibility for assisting and developing the newer and younger members of the profession.

7) Members are required by law to be licensed in order to practice the profession.

8) The professional man maintains at all times an attitude towards his work and society characterized as follows:

  a. A social consciousness, a desire to contribute *to* rather than simply benefit *from* civilization; a resolve to place the public welfare above other considerations.

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[4] Yoder, Dale, *Personnel Management and Industrial Relations*, New York, Prentice-Hall, Inc., 1956 (4th Ed), p. 25.

[5] Private communication, E. D. Kemble, Mgr.-Management Research, General Electric Company to R. G. Murdick, Aug. 6, 1959.

[6] *Raising Professional Standards and Employment Conditions for Engineers*, EJC Report #101, p. 8.

b. The continued acquisition of special skills on a high intellectual plane, generally evaluated by means of self-imposed standards of excellence.
c. A sense of trusteeship — personal responsibility to protect the employer's interest.
d. Individual initiative and acceptance of individual responsibility, both of the highest order.
e. A right to expect and receive adequate financial recognition.

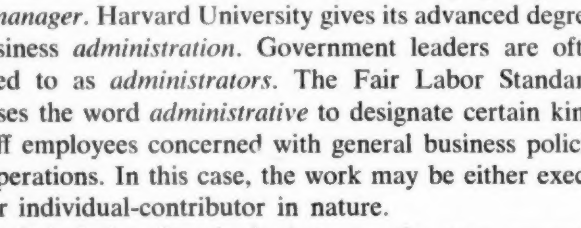
Managers and Executives: Connotations

The terms "management", "managing", "manager", "administrator", "supervisor", and "entrepreneur" require some discussion to develop differences and common points in their meanings. "Management", for example, sometimes refers to all those who are "managers". However, in the views of many people, *management* refers only to the top operating and policy making individuals in a company. It is implied that so-called "middle-managers" have relatively little effect on the company's strategy and business success beyond carrying out instructions efficiently just as other skilled employees are expected to do.

Some authors use the term *administrator* to designate those people who direct the efforts of other people. Professor Schell (MIT) refers throughout his writing to "the administrator".[7] In this case, *administrator* is usually synonymous with *manager*. Harvard University gives its advanced degrees in business *administration*. Government leaders are often referred to as *administrators*. The Fair Labor Standards Act uses the word *administrative* to designate certain kinds of staff employees concerned with general business policies and operations. In this case, the work may be either executive or individual-contributor in nature.

The Fair Labor Standards Act uses the term *executive* to mean a person engaged in managing an enterprise. In particular, an executive is defined essentially as any employee —

> "(a) whose primary duty consists of the management of the enterprise in which he is employed or of a customarily recognized department or subdivision thereof: and
>
> "(b) who customarily and regularly directs the work of two or more other employees therein; and
>
> "(c) who has the authority to hire or fire other employees or whose suggestions and recommendations as to the hiring and firing and as to the advancement and promotion or any other change of status of other employees will be given particular weight; and
>
> "(d) who customarily and regularly exercises discretionary powers; and
>
> "(e) who does not devote more than 20 percent of his hours worked in the work week to activities which are not directly and closely related to the performance of the work described in paragraphs (a) through (d) of this section: *Provided*, that this paragraph (e) shall not apply in the case of an employee who is in sole charge of an independent establishment or a physically separated branch establishment, or who owns at least a 20-percent interest in the enterprise in which he is employed."



The looseness of meaning of the terms *manager, executive* and *administrator* is shown by some quotations included in an article by G. W. Bricker, Jr.[8] He quotes statements of four or five leaders in management wherein they use all three terms synonymously. Further, there is no doubt but that the term *manager* has a different connotation to many people today than it did some years ago. Formerly, *manager* might mean owner-manager or branch manager or sales manager. Today, *manager* is becoming synonymous with *professional manager* in the minds of many.

This observation of gradual change in the generally vague accepted meanings of the terms suggest again that we seek present definitions from history. Starting with the medieval period and through the fourteenth and fifteenth centuries, mercantilism and the mercantilist developed. Following Adam Smith, Jean Baptiste Say (1767-1832) isolated an individual in the economic activity who has become highly important since the beginning of the nineteenth century, the *entrepreneur*. The entrepreneur is one who combines men, capital, and labor to yield productive services. The concept of the *administrator* appears to have developed in the colonial period when the objective was to maintain the status quo in the distant colonies. This term found increasing use in home government as governments grew in size and bureaucratic organization and thinking became entrenched.

Administrator as used in industry appears to be used mainly to denote one who is responsible for efficient conduct of supporting functions, procedures and routines required to run a large organization. Some additional light might be cast upon this term by considering the curriculum of Business Administration colleges and Industrial Management schools. In the former, the emphasis is on financial and commercial areas; in the latter, it is on the production areas involving people and materials. There is some similarity in meaning between *administrator* and *supervisor*. Both are concerned with the current day-to-day operations. The meaning of *supervisor* as overseer has found general acceptance.

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[7] E. H. Schell, *Technique of Administration*, McGraw Hill Book Co. New York, 1951.

[8] Bricker, G. W., Jr., "The Individual's Program for Self-Develop-

The development of the concept of *manager* accelerated rapidly with the complementary work of Frederick W. Taylor[9] and Henri Fayol.[10] Their searches for principles of management form the necessary base for the development of the current concept of scientific management and the professional manager.

Professor R. C. Davis takes an approach towards explaining the appearance of the professional manager on the scene which seems very plausible.[11] Actually he describes the three principal archetypes of history, the owner-manager, the entrepreneur-promoter, and the professional manager, as condensed into the history of a single business. That is, the owner-manager in the characteristic figure of the pioneering phase, the entrepreneur-promoter dominates the rapid expansion of the business during the period of exploitation, and finally with the maturity of the business and slower growth, (stage of stabilization), the professional manager appears.

In view of the number of terms and connotations attached to each, we would do well to establish the basic terms with clearly defined meanings. Our interest here will be to develop a simple definition for *manager*. Such a definition should draw upon connotations both past and present and should be based upon a logical evaluation of business practice.

Further Problems in Defining Manager

The art, science, and practice of managing is covered so extensively in the literature that nothing significant could be added here. Despite the profuse writing on the subject, there appears to be difficulty in determining who is and who is not a manager. For example, is the owner of a small store employing two or three people a manager? Is the head of a district sales office who is in charge of two or three people a manager? Is the foreman of a shop a manager? Is the head of the engineering department a manager? Or is only the person who is responsible for the profit and loss of a plant, a branch, or a business a manager? Should we make a distinction between functional leaders or executives and general managers in defining *manager?* Should we use the words *manager* and *professional manager* synonymously?

Possible Criteria for Defining Manager

If we assume that *manager* and *professional manager* have distinctly different meanings, we will certainly be able to correlate theory with practice much better. One alternative is to use the Fair Labor Standards Act definition of *executive* as a definition of a *manager*. A second alternative would be to establish criteria based on the following line of reasoning.

In private enterprise, the success of the business rests ultimately with the *manager* who must use both business science and the arts of the entrepreneur. Thus, the small owner who guides two or three people working for him is a manager by our definition. He is responsible for the accomplishment of all functions. Similarly, the head of a decentralized plant of a large company is a manager, since he gets his work done through other people and is responsible for the success or failure of his particular product, plant, or department. Let us now summarize these ideas as simply as possible. The criteria which we propose for identifying or defining a *manager* are as follows:

1. The primary duties consist in planning, organizing, directing, and controlling the activities or major functions of an enterprise.
2. The manager directs the work of two or more employees and has authority to hire and fire.
3. The manager has the *final responsibility for the profit and loss and success or failure of the business.*

With this background of meanings of *professional* and *manager,* let us now try to determine what management theorists mean by the term *"Professional Manager."*

The Professional Manager and Professional Management

Is Management Now a Profession?

The meaning of "Professional Manager" is usually developed by its exponents by an indirect approach. They describe the "work" of the professional manager or characteristics of such work. While much has been written to thus define the "work of the Professional Manager", a typical brief summary found in an (unpublished) volume is as follows:

> "The purpose of (professional) managerial work is briefly, to manage the work of the component so as to achieve component objectives through the work of others. The manager leads by persuasion and by blending of thought and action in his decision-making through planning, organizing, integrating, and measuring as the elements of his own work. The idea of the work of managing is that the blending of the work of others and the effective balance of *all* component resources will be far more effective than would be the mere arithmetical addition of the efforts and use of resources in the individual positions."

Thus, according to some present-day management theorists, the "Professional Manager" makes his contribution by optimum utilization of the abilities and efforts of other people. In practice, we may often find as many as five or six levels of these "managers" in the hierarchy below the president of a company. The "manager" at each level usually performs within rigidly prescribed limits in his specialized functional field and any decision of consequence must be reviewed at the next two higher levels. Should these people be termed not *managers,* but rather *executives* or *functional leaders?* The difference between the objectives, functions, and viewpoints of these executives and the top manager is

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ment," *Advanced Management,* Sept., 1958, vol. 23, No. 9, pp. 5-9.

[9] Taylor, F. W., *The Principles of Scientific Management,* Harper Brothers, New York, 1911.

[10] Fayol, H., *Administration Industrielle Et Génerale,* 1916.

[11] Davis, R. C., *The Fundamentals of Top Management,* Harper & Brothers, New York, 1951, p. 139.

indeed great. As Peter Drucker puts it, "The job of top management is radically different from the work and responsibility of the operating executives. The atmosphere in which the future top manager spends his formative years, the work which he is trained to consider important, the things which he learns to pay attention to, are all different from the atmosphere, the work and angle of vision of the top management job."[12] According to criteria proposed in this paper, the supervisors and lower and middle operating executives should not be termed *managers,* but rather only the individual who has the ultimate responsibility for the success of the business.

The next question is whether the top manager is a *professional* manager by our criteria. First it should be pointed out that both large and small businesses are managed very successfully by astute individuals with little or no training in management science. These people achieve success through hard work, keen perception, and adaptability to changing conditions. These people are certainly managers as we have defined the term here, but they equally certainly *are not a professional group.* This thought has been very clearly stated by Peter Drucker. "And yet the ultimate test of management is business performance. Achievement rather than knowledge remains, of necessity, both proof and aim. Management, in other words, is a practice, rather than a science or a profession, though containing elements of both. No greater damage could be done to our economy or to our society than to attempt to 'professionalize' management by 'licensing' managers, for instance, or by limiting access to management to people with a special academic degree."[13]

If we take the viewpoint that managing is a profession, some questions arise which we need to be resolved. First, we note that doctors and lawyers tend to specialize in some branch of their profession and do not work in other specialties in the interests of their clients and the public. If managers specialize in some field, is it really ethical for them to take assignments in other areas where they are unexperienced, indeed often untrained? Secondly, if advanced specialized formal training is a prerequisite of professionalism, what are we to consider the man who rises through the ranks by sheer ability and who has no *formal* training? Is it true that "once a professional manager, always a professional manager?" That is, if a professional manager leaves managing as a function to become a management consultant, is he no longer considered a professional manager? (Analogies to this occur in law and engineering.) If managing is being promoted so vociferously as a profession, why do not the same proponents also press for licensing, a standard requirement for all professions?

Can Management Become a Profession?

Can management be a profession? Yes, it can. *Will* management become a profession? It is entirely possible despite the dire forebodings of Mr. Drucker. There are four trends which bear upon this point.

The first trend is the increasing emphasis put upon the professionalization of management by management organizations, journals, and writers. The second trend is the increasing number of business and management schools being established which are turning out graduates with bachelor's and master's degrees. The third trend is the tendency of any business but the smallest to become a social as well as an economic institution. This characteristic is important because of the fourth trend which is the creeping government regulation of every phase of business. It is not too difficult to imagine a time when our large companies are being run by large numbers of management school graduates. These people would promote their group to the position of the engineers today where licensing is desirable and possible, but not necessary in order to practice the incipient profession. Gradually our state and national governments would awake to their "need" to protect the public by establishing "standards" for the managers in these large "social" institutions by *requiring* that managers have specialized training and degrees and be licensed. Then, any illegal actions or irregular practices by managers of smaller enterprises, down to the one-man enterprise, would be an excuse to extend licensing.

That this is not an excerpt from science fiction may be seen by analogy with the CPA's and lawyers. Most states require a formal college degree with an accounting major in order to practice public accounting. Similarly, the practice of becoming a lawyer through reading law with a law firm has practically disappeared. Yet to those familiar with these professions, it is apparent that a formal education in the management field *need not be required* for successful practice. This is not to say that formal training is not of value. It provides some assurance that the masses engaged in the practice of the professions have been exposed to their body of knowledge. On the other hand, the requirement of long formal training prevents some of the best people from entering the profession, those who have both the ability and drive to educate themselves. Who can say that the evolution of the professional manager will not follow the similar historical pattern outlined above?

Conclusion

The terms *profession* and *management* have been used rather loosely, both independently and together. For those who believe that complete professionalization of management is undesirable and that it is avoidable, now is the time to act. If we keep insisting that management is a profession, we will accelerate its recognition as a profession in the laws and statutes. It is time we decided and defined what we really mean by *professional* and *manager* before the picture portrayed above of licensed managers becomes a reality. Is the concept of the *professional manager* an image promoted by the large mature corporations, or is it a goal of all free creative business men? Would we be better advised to adopt and promote Drucker's concept of management as a "practice" which has elements of both a profession and a science? ∎

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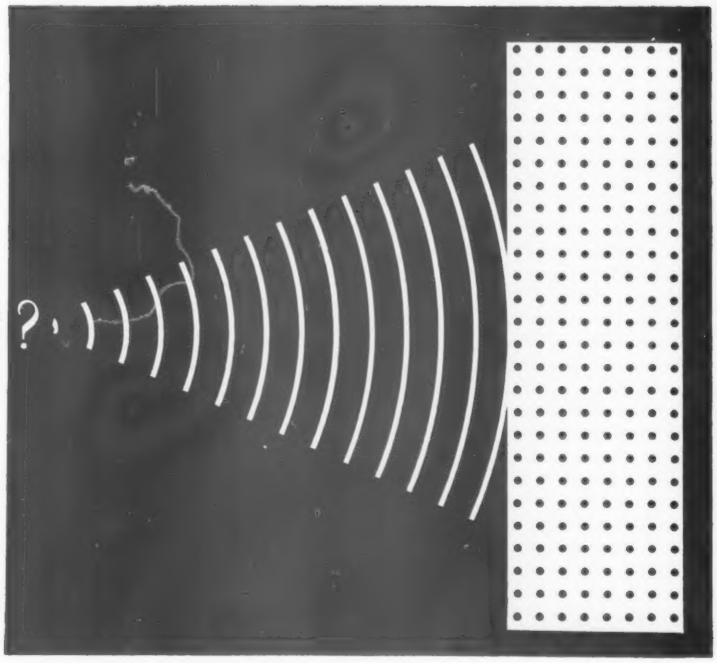
[12] Drucker, P. F., *The New Society,* Harper & Brothers, New York, 1949, p. 213.

[13] Drucker, P. F., *The Practice of Management,* Harper & Brothers, New York, 1954, pp. 9-10.

What Stops Our Communications?



By WILLIAM S. TACEY

SCATTERED among the articles on communication in business and industry are numerous references to barriers. This implies that many times what we want to convey fails to reach its source. From personal experience we know how often what we say is not heard, is misunderstood, or is even ignored. Most writers single out five to ten probable barriers for consideration. Strangely enough not all authorities list the same ones. Some stress the psychological faults, others the mechanical. A few point out the errors of top management, while others look to subordinates who fail to take the necessary initiative. The semanticists point out the difficulties involved in the transfer of meaning, and the students of human relations talk of personality clashes.

This article is an attempt to classify some of the barriers as found in numerous articles appearing in management journals for the past several years. Interestingly enough most of the faults pointed out, even when written by representatives of management, are ascribed to management itself. A much shorter list comes under the heading "employees", and barriers caused by union activity are amazingly few.

Those who see the boss as a strong, confident and fearless person may smile to find that fear of subordinates is a frequent barrier. Linked to it are previous scares under the National Labor Relations Board limitations, reluctance to communicate — especially on the same level, resistance to change, insufficient use of available media, intentional withholding of information to avoid creating an "unfavorable" impression, and a timid or indefinite approach to the whole subject of communication.

By contrast to fear several authorities list a feeling of superiority as revealed by a dictatorial, or authoritarian manner. Closely linked to this are dogmatic statements, expressions of prejudice, and oversimplification of items of information. All of these, and others tend to create an un-

Mr. Tacey is professor of Speech at the University of Pittsburgh favorable climate (listed by many sources) for the free flow of communications. A related weakness in the area of human relations is a delay in developing a spirit of mutual confidence, hampering expression at all levels. The executive who is too busy to see people is a prime target for the critics since so few can either hear him or speak to him. Perhaps he is the one who breaks his own channels by not living up to his expressed "open-door" policy. One disappointment in trying to see the boss makes a subordinate hesitate ever to try again. The executive's personal habits, such as failing to listen attentively, or interrupting frequently with his own observations is as ineffective as the one who sees no one.

Some executives are found to be unenthusiastic about communications. Their lack of belief or fervor makes others doubt them. Overconfidently believing that one already knows what employees are thinking or feeling can inhibit the flow of information. Equally bad is a faliure to understand or interpret correctly an expressed belief or feeling. A natural defensiveness makes getting any communication from below difficult, for others readily detect it. Such an employer is prone to withdraw from problems of his subordinates, denying himself entree into discussion of mutual problems. Neither does he want an upward flow of communication, unless it is at his own request, and according to his specifications. For him communication is an end, not a means, a concept which is a strong block.

A speech defect, such as stuttering, soft voice, or high pitch can prevent a man from speaking readily. A small vocabulary may not stop him from speaking, but can prevent success in conveying meaning. Illogical thought or inability to organize one's ideas prevent effective self expression and are listed by more than one source. The latter faults are noticed in written as well as in oral expression.

Professors of speech teach that to communicate successfully we must start with our audience. Observers report failure to do this as a strong barrier. A common ailment is to overestimate the amount of information which a subordinate has. Another much noticed lack is a failure to take into account the psychological nature of the communications act and its corresponding effect upon the respondent. Not analyzing the needs and attitudes of coworkers can make any message ineffectual. A principal result is an inadequate "image" of the communicatee, speaking to him as though he were oneself. Another common barrier is the attacking of "attitudes" rather than recognizing them as a way of seeing a situation and beginning with that phase of the situation. Such a mistake can easily result in a personality clash, a guaranteed means of stopping even a one-way flow of ideas.

Vague messages, either in wording or in brevity, are emphasized as being a deterrent. Faulty wording, or the wrong choice of words, can inhibit meaning. Semanticists point to the words which stand for one mental picture in the sender's mind, but create a quite dissimilar one in the mind of his hearer. Even if words are carefully chosen the language used may be unnecessarily complicated. A favorite term for this is gobbledegook. Even worse, judging by the times noted, is faulty timing — transmitting messages inopportunely. On a par with this is listed the dull, uninteresting message which fails to hold the recipient's attention or to impress him with its importance. Attention also strays when too many items are included in the same message. The relative importance of each is much reduced in the mind of the receiver.

Importance of Multi-Channel Communication

Many executives count that message successful which once leaves the office. Not so, say those who have discovered barriers. Lack of a follow-up fails to discover the result of the message. Even worse is the failure to seek a response, which would establish two-way channels, the minimal amount deemed necessary. More highly recommended is the multi-directional plan which permits messages to flow readily in all directions. One's failure to use the clearest channel — perhaps relying on a memo, rather than a phone call — can be a barrier, because some channels can be demonstrated to be more highly successful than others.

As communications progress from level to level they tend, especially if oral, to become more diluted or distorted. One's physical distance from his subordinates can render his attempts at communication less effective. The same result can be realized if the organization makeup is too complicated. Faulty distribution systems, perhaps relying on a disinterested clerk, can keep written memos from reaching those for whom they were intended. In some instances, "human forts", caused by a deterioration in interpersonal relations, successfully block a free flow of communiques. An otherwise well planned committee system may not have the means of circulating findings from one committee to the next. Such a simple condition as the lack of sufficient equipment may cause communications to deteriorate. An over-worked telephone switchboard, the absence of copying devices, or of a paging system, may be the deterrent.

In any industrial organization the foremen are undeniably important, but relying on them to tell what their superiors should be responsible for announcing can weaken the communication chain, say the observers. An inadequate training program can cause breakdowns at many levels. Many companies have no stated policy on the subject of communications. In the absence of such a policy doubts arise as to who has the authority to send or receive. Too many echelons or levels of management cause confusion and delay. Similar results arise when too many subordinates are responsible to one executive, resulting in a "closed door" or a "busy" signal. Sometimes a form of provincialism develops, especially at lower levels of management, inhibiting communication from department to department.

Meetings are recognized by all authorities as being an effective means of circulating information, yet they have their drawbacks. A frequent fault is the use of an ineffective leader, one who is unprepared or indecisive. Having too many people at a meeting will lessen its effectiveness. An inadequate meeting room, etiher in size, lighting, ventilation, or seating can be harmful. Meetings planned by the public relations, personnel, or training departments can fail if the department doing the planning does not have the support and confidence of those employees in attendance.

Communications require time for preparation and a frequent reason for their failure is a lack of care and resourcefulness in planning. The interval between an event and its announcement can be too short or too long. Lack of a suitable organization for release of information may cause failure as well. Despite the efficacy of the written word it can be ineffective; that is particularly noticeable in businesses of great size. Over-reliance on writing precludes the use of the more reliable face-to-face meeting with its potential opportunity for immediate response.

It is a credit to those who write about barriers to effective communication that they place less blame on subordinates than on their superiors. At least fewer barriers are listed for those at lower levels.

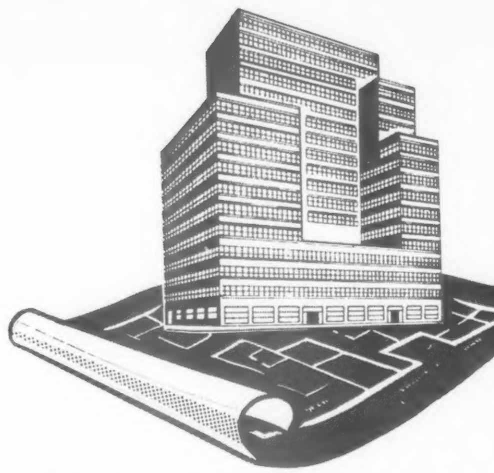
As might have been anticipated the subordinates' feelings of fear or uncertainty will prevent the free circulation of information. To the degree that the boss is looked upon as an expert he will receive fewer upward messages. A naural spirit of defensiveness is present and any semblance of criticism will arouse it. A hesitancy to intrude on a superior's time will hamper the reporting of events. The attitude toward the boss, if one of fear, dislike, or of indifference, will flavor any responses to him. The "grapevine" will indicate employee attitudes even more quickly.

Semantic Barriers in Lower Ranks

To the man in the lowest echelons fewer facilities for communication are available. Certainly no typist is provided, and a telephone may be out of reach. He seldom sees any but his immediate superiors and is called infrequently to face-to-face meetings. His work station may be far removed from those he wishes to contact and time is not allotted for him to travel. He has few designed channels of communication. An unusual barrier listed by one authority is the fact that subordinates at a low level have no facilities for storing written memos, and, hence, cannot keep them for reference.

Semantic barriers are not exclusively restricted to top management. Experiments show that the lower in organization ranks we go the more prevalent such barriers become. Lack of education makes complicated language unintelligible. Messages are difficult to prepare here, and expression is less fluent. In receiving messages the receiver has difficulty distinguishing between the denotative and the connotative meaning of words. His "image" of the communicator is inadequate and signals are misunderstood accordingly. For the communicator's symbols he substitutes his own with differing attending meanings. His personal opinion becomes confused with facts heard or read. An unusually great barrier is his tendency to judge people and events in terms of black and white (two-valued orientation).

At lower levels the motive to communicate is often slight. Rewards offered are negligible or entirely absent. Tradition does not favor the upward movement of ideas. Neither do authority nor prestige exist to lend weight to the movement. Because of a lack of status subordinates often fail to realize the significance or importance of what they know or do. As a result of management's practice of one-way communication the subordinate responds by ignoring the message, misunderstanding, or deliberately misinterpreting it.



Traits of the individual are listed most often as barriers. Among these are an uncooperative attitude, hostility, failure to listen intelligently, strong emotions, and prejudices. There may be psychological disturbances, such as blockages or confusions. Fear of the act of communication (stage fright) or dislike of the communicator may intervene. Imperfectly working sense organs, such as tone deafness or color blindness, may be strong barriers. From outside, such disturbances as light waves or sound waves may be at fault. These and other extraneous conditions may take the receiver's attention. Like his boss he may fear change, especially if he is pleased with current conditions.

Lack of confidence in management can make subordinates resistant to messages received or to instituting an upward flow. Believing that management has not responded in the past to suggestions will kill any future supply. A misunderstanding of the intent of management can make communication difficult. "Politicking" at any level can put a short in the communication circuit. One observer calls "politicking' the "hidden agenda" of a meeting.

Only a few barriers are credited to union instigation. The steward's desire for status at the expense of the foreman is one. A distortion of management's statements is another. An unfriendly union may checkmate management's well-intentioned actions by open hostility or by various forms of agitation designed to create a breach between management and labor. In several instances the union's superior success in distributing its information was noted. The variety of union procedures make communication between labor and management difficult, as does "absentee labor control" by union headquarters from a distant city.

When one gathers together all of the barriers to communication which several authorities aver to be present in most business and industrial organizations the wonder is that any messages are successfully completed. The present list emphasizes the complexity of the human phenomenon which we call communication. Perhaps it also emphasizes the great adaptability of the human brain as one person deals with another. Could it be that this is the reason that diplomats, members of management,—and poker players—are so often successful? ■

The Challenge of

EXECUTIVE APPRAISAL

By MICHAEL G. BLANSFIELD

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IN THE burgeoning field of executive development no aspect has been of more concern than that of the appraisal of development needs. In the minds of many managers and training people the maxim that "training should be based upon recognizable needs" is ever paramount, and, I think rightly so. In the area of executive development, however, I think that there are a number of variables and unknowns that make this matter of need appraisal particularly complex and difficult. It is my purpose in this paper to present a method which may assist to make this necessary determination both more realistic and more meaningful.

A Traditional Approach

We know that this matter of executive appraisal has been going on for as long as we have had businesses that needed executives. Looking back over our past we can see that appraisal was implicit in any selection of an "heir apparent" to the executive ranks. Generally this was a subjective process in which the key executive or executives concerned with filling, or planning to fill, a vacancy selected a man who met their criteria. These criteria would often be unstated and would consist primarily of organizational needs as perceived through the viewpoint of the philosophy and methodology of the top operating executive. Usually, either implicitly or explicitly, the crop of potentials would be matched against these criteria and often the appraisal would be a matter of seeking the one most capable of conformity.

The central problem of this approach is the inevitable perpetuation of the managerial weaknesses present in the current executive operation. Suffice it to say that it has been sufficiently obvious to turn management's attention to other and more objective methods of appraisal.

Some Current Approaches

Management literature in recent years has been replete with reports of varying approaches to this problem of appraisal. The most common approaches reported involve

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[1] For detailed coverage of these general types of programs see: Randle, W. D., "How to Identify Promotable Executives", Harvard Business Review, May-June 1956, and Mahler, W. R. and Frazier, G., "Appraisal of Executive Performance: The Achilles Heel of Management Devel-

In any attempt to develop appraisal criteria, we must examine the ethical philosophy governing the total managerial structure

fairly standardized procedures and usually include all or some of the following:

Physical examinations
Reviews of experience and background
Mental tests
Interest inventories
Personality tests
Appraisal reports by superiors or peers, or both
Interviews, both individual and group.[1]

Based upon these measures a record of each executive's strengths and weaknesses is compiled. Following this, individually-tailored developmental programs are suggested to correct identifiable weaknesses or deficiencies. Analyses of this nature have often served to point up gaps in technological and procedural know-how, failures in interaction (with the raters principally) as well as gaps in experience of education that can, or do, affect job performance. While these things are certainly important I think that this approach has often left areas unexplored that well merit attention.

An Appraisal Criterion

It is often argued that executives must possess certain qualities or traits. While it is undeniable that, for instance, some degree of intelligence is necessary for the usual executive task, both the relative degree of this intelligence and the personality characteristics associated with it have been matters of much debate. Suffice it to say that there is little evidence that there are any easily identifiable criteria of successful managership. In fact, it is often argued that for example, the leadership portion of the executive's task is a function of both the work group and the situation.[2] If this is true, and recent research studies tend to bear it out,[3] we can see that at least this vital portion of the total job of the executive is subject to infinite variation due to the great number of variables in both the governing factors (i.e.: the situation and the group). This, of course, would make the construction of uniform and consistent criterion (for at least this leadership portion of the total executive job) tremendously complicated and difficult. This may help us to understand why definitive criteria have not appeared. It is interesting, however, to note that some very general criteria do seem to be emerging from the research studies that are being so capably carried foward in this area by the social scientists. Professor N. L. Gage suggests that effective leadership may require accurate perception of others, sensitivity to them, opportunity for perception and sensitivity, and a chance to influence group opinion.[4]

These are, however, at best, tentative formulations. If we regard these items as valid criteria of effectiveness we might be tempted to state that here we have the material for the appraisal to determine needs. Unfortunately we then encounter the problem of our variables. It is apparent I think that even an executive with a great deal of personal effectiveness in perception and sensitivity may not have the opportunity to practice these due to limitations imposed upon him by the climate of the organization. In other words, if management generally is guided by directive, authoritarian and punitive philosophy (for example) the executive with the abilities cited may be inhibited from using them due to fear of job loss, demotion, ridicule or other more subtle punishments for being "out of step". Here is an example of that tremendous variable, "the situation", and how the ability to action can be quashed because the *will* to action is lacking. This then leads us to the problem of the climate or philosophy and its effects upon this matter of appraisal.

Managerial Philosophy as a Criterion

In any attempt to develop appraisal criteria I believe we must come to grips with the ethical philosophy that governs the total managerial structure. I submit that this ethical philosophy will establish the organizational climate and that variations in this climate will directly influence the managerial methods of each person in the concern.

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opment", Personnel, March 1955.

[2] Gouldner, A. W., "Studies in Leadership", New York, Harper & Bros. 1950.

[3] Jenkins, D. H., "New Questions or Old", Adult Leadership, June 1956.

[4] For a further analysis see Gage, L. N., "Understanding and Helping Your Group", Adult Leadership, June 1956. These same objectives are held generally by Tannenbaum, Weschler et. al. in their sensitivity training programs at UCLA.

I am indebted to Gordon[5] for an interesting and provocative analysis of the two major divergent philosophies on the nature of man that bear upon this matter of organizational climate. Gordon points out that historically man has been viewed as generally either competitive or cooperative, victim or creator of environment, bad or good, needing guidance or capable of self-direction. He further suggests that these divergent viewpoints can be synthesized into either a pessimistic or optimistic viewpoint of man.

If we can accept as a broad generalization that a "pessimistic" view of man means that we believe man is essentially competitive, a victim of his environment, bad (in the sense of being sinful), and needing guidance; and that an "optimistic" view of man means that we believe he is essentially cooperative, creator of his environment, good, and capable of self-direction; then we have two major extremes of managerial philosophy. This is, of course, a dangerous generalization if taken at face value. In almost any organization the management philosophy will fall somewhere on a continuum between these two extremes.

In order to make this analysis more meaningful I intend to assume that we are dealing with one extreme or the other. While in actuality this would be extremely rare, we can appreciate the fact that many managerial climates will have a tendency to cluster near one or the other ends of the scale. Based upon this tendency, the top echelon of executive management will automatically impose certain criteria upon the rest of the managerial group or the organization's managerial aspirants.

To be specific, it is quite probable that if executive management holds the "pessimistic" view then the criterion for appraisal might follow a rather consistent pattern. They would generally want managers who are acceptant and respectful of authority, skilled in the use of controls, capable of intensive, detailed planning, superior in wisdom, and highly effective in "selling" or persuading others. The managers (or would-be managers) who met these criteria then would be given an intensive training program to develop their abilities in these areas.

If, on the other hand, the top echelon of executive management subscribes to the "optimistic" philosophy they would probably want managers who generally are mature[6] individuals, capable and desirous of independent thought and action, good team members, and sensitive and understanding of others. As you can readily see, these latter traits call for a much broader type of appraisal since they are not easily identifiable through our standard measurement devices. They also call for a "different" type of developmental program since these characteristics do not always seem to be the goals, or result from standardized training or educational programs. This appraisal is over and above, of course, the minimal requirements that must be specified to assist management to eliminate the obvious unfit.

I would suggest at this point that many of our current methods of executive appraisal are aimed at detecting failures in meeting the criterion for a "pessimistic" approach to management. These findings, in turn, are used to develop training programs, or utilize existing educational programs which are aimed at developing a control-oriented and basically authoritarian type of executive.

I would not suggest that this is either good or bad. I believe that this matter of evaluation depends upon the basic philosophy of the whole concern and indeed, an optimistically oriented subordinate in a basically pessimistically-oriented organization may well be a source of frustration and dissatisfaction. I would further suggest, however, that, historically, the "pessimistic" viewpoint has long underlaid the great bulk of our executive activity and, apparently, has not proven universally capable of dealing effectively with the realities of human inter-action. A brief review of our labor relations history should make this quite evident. If this is so, it might be appropriate to develop a fresh approach to our problem of appraisal in terms of the basic concepts underlying the "optimistic" point of view.

I am not suggesting at this point any radical changes in orientation but rather the willingness to experiment, to couple some of the concepts of the "optimistic" point of view with the current philosophy. I would urge with Collier[7] that there is value in both frames of reference and that we must live within both, in moderation. In other words, here is no reckless plunge into the unknown but rather a tempered experimentation in what is, for many of us, a new and untried area. Also, it might be appropriate at this point to remind ourselves that the values of the so-called "optimistic" viewpoint generally underlie our political and cultural heritage. Whether they are transferable, in whole or part, to our industrial life, is, and has been, a matter of considerable difference of opinion.

Appraisal Criteria from the "Optimistic" Viewpoint

Going back to our earlier analysis of the requirements for managership under the "optimistic" viewpoint we note that we called for maturity, independence, team-work capability and sensitivity and understanding. If these are the hallmarks of an effective executive (under this philosophy of managership) then our developmental needs must be expressed in terms of each executive's (or potential executive's) personal distance from full self-realization in each area.

Thus we come to the question, naturally, of how we measure his personal distance from each of these goals and, once measured, how do we assist him to close the gap?

Measurement as a Starting Point

It is my contention that we do *not* have to rely upon exterior measures or appraisals of our executives or potential executives under our optimistic philosophy. If we will examine, in depth, the criteria I think we will be able to

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[5] Gordon, Thomas, "Group-Centered Leadership", 1955. Houghton Mifflin Co.

[6] The term maturity is subject to a wide variety of interpretations. I would conceive it to be marked by a breadth of choices or alternatives for any area of action or decision. Increases in this span of choice would correlate positively, or reflect, growth toward maturity. Emotional balance or stability would appear to be a concomitant.

> ***"We cannot neglect man in our pursuit of progress. He, indeed, in the long run, must shoulder the burdens as well as enjoy the benefits of this progress"***

agree that the person who has reached maximum effectiveness in any one of these areas is unusual indeed. The person who is consistently effective in *all* is most rare. In effect then we can quite safely assume that all of our managers can benefit from *some* growth in all or most of these areas.

With this assumption as our basis we can sanely and comfortably reduce our appraisal process to the minimum needed to screen out obvious misfits. Here I would suggest an inexpensive test battery which provides a measure of learning ability and supervisory aptitude,[8] a physical examination, and a report by each individual's past two supervisors (to determine if the individual has an acceptable level of technical competence). Having screened our group and determined those persons who meet our basic, general criteria, then we are ready to consider the matter of development. Of course at this point you may well point out that not all managers will be at the same levels of effectiveness in any one of the elements listed, and with this I must agree. Possibly here it is incumbent upon us to find a developmental device that will permit of individual growth at varying rates. This then would make each such developmental opportunity meaningful to all concerned, regardless of the differences in individual levels of effectiveness.

Standardized Educational and Training Processes

A common reaction to the question of developing people is the suggestion that they take a "canned" management program or a course at a nearby school or college or, perhaps, read a book or listen to some lectures. If we conceive of development as growth toward greater maturity, perception and sensitivity, then I would say "look carefully at these standardized approaches. Have they in the past been successful in helping people achieve these goals?" I would answer that by saying "only in very limited number of cases". Significant attitude and behavioral change through these stereotyped devices has, at best, been uncertain. What is our alternative?

The Self-Perception of Developmental Needs

I wish to emphasize at this point that I do not believe that we can do away with all recognition of individual shortcomings. Certainly this could not be a realistic stand. I do think however that this recognition of needs must be in the main, generated from within. I would suggest that the identification of so-called needs by exterior means (tests, raters, panels, committees, etc.) has several major weaknesses.

First, I do not think that our measurement devices are sufficiently refined in most instances to insure us that we are getting an accurate concept of the person involved. Secondly, this exterior analysis lends itself to distortion because of the necessarily subjective bias of the raters. Thirdly, the presentation of a list of weaknesses or shortcomings does not necessarily make for acceptance on the part of the person rated. Actually, in many cases it raises defensive rationalizations that serve to block insight or understanding even in the case of a legitimate area of weakness.

What is the alternative? I think that our problem becomes that of helping each person to identify his own shortcomings. Only then will we have the real insight and understanding that will be truly motivating to greater effectiveness.

The Self-Concept of the Manager

In this connection it may well be of paramount importance initially to help each manager to determine the true picture of himself. I would suggest that this picture of self is the key to each individual's behavior. If, for example, he pictures himself as an energetic "go-getter" and his subordinates view him as a calloused, demanding and harsh taskmaster then, obviously, his self-concept is out of tune with reality and he has a "need" to develop a more realistic understanding of himself.

I believe that each manager must have an *accurate* picture of himself to act effectively. Obviously, action based upon a false picture of self will literally insure human relations problems. Our problem at this point then is how can we go about this matter of assisting our managers to achieve this insight and understanding.

Need Recognition Through Group Interaction

I would suggest that an effective method of developing a self understanding of developmental needs, in an organization with the optimistic view of man, is to encourage the executive or pre-executive *group* to evolve them themselves. I would suggest group action because it is more economical than an individually-oriented approach and because there are dynamics inherent in group action that can help make this process more effective and meaningful to all concerned.[9] What I am suggesting here is that group members can aid one another to personal insights and increase understanding and tolerance among its members. This latter is certainly an important concomitant of the first since while objective self-appraisal assists the individual, group-wide understanding and tolerance can only help to make for a more close knit and effective work team. Also we have, in group action, the opportunity to increase our skills and competency in dealing with others. In a friendly group we can

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[7] Collier, A. T., "Dilemma in Human Relations", Harvard Business Review, September-October 1955.

[8] The U. S. Air Force has validated a Civilian Supervisors Selection Battery which has been successful in predicting supervisory success.

[9] Benne, K. and Watson, J. "Growth by Association", Adult Leadership, Feb. 1954.

experiment with varying roles and find media of expression possibly hitherto not available to us.[10]

In essence, what I suggest is that management provide the environment for growth and the means (group process) to facilitate this growth.

In this connection I would emphasize that group action in our industrial complex is a recognized mode of operation. A striking example is the group-centered leadership of one of our greatest industrial complexes, E. I. du Pont de Nemours and Company.[11]

A Group Growth Approach

If we are basically dedicated to this matter of growth we must look at the process of growth itself. With little effort we can perceive it is slow and most difficult, involving all sorts of personal inertia, resistances and defenses. This is certainly to be expected since we are comfortable with the way we are even in the case of behavior that may be hurtful or destructive to us. Our attitudes and consequent behavior serve to meet our needs and if these needs be warped they are still ours and we cling to them.

What I would suggest here that most change, even that toward greater personal effectiveness is hurtful and is bound to be resisted. What agents do we have that will help us to do this difficult and sometimes painful thing? I can think of at least two agents that are immediately available; one therapy, and the other group process. The former is often much too costly and lengthy for industrial or business use. Also it may well be a waste of valuable talent to devote a trained clinician's time to the solution of relatively minor problems when people wtih acute mental illnesses need their services so greatly. The latter agent is available to all and requires only:

An organization with an optimistic climate *or* one willing to experiment with this type of climate.

A trainer experienced in sensitivity training and its methods.

A motivated group.

Sensitivity Training

At this point you may well ask: "What is this sensitivity training and how do we find people with skills or experience in it?" Basically sensitivity training may be defined as a training method in which the trainer acts primarily as a resource person helping the group to effectively handle the problems they (the group) decide they wish to tackle. He does not decide content nor does he chair the session in the customary sense of the word. He is there to help the group to function as efficiently as it is able and help them to understand the *emotional* as well as the intellectual processes that they experience.

In this method the trainer realizes that the group must learn from its own experiences and that, at best, he can only help them to have and understand this experience. He realizes that real attitudinal change usually comes at the emotional or feeling level and he is helpful in assisting the group to discuss and understand the emotional aspects of the learning experience. He is also aware that change is painful and that this type of learning situation is not always serene and placid. As in life itself, emotions emerge but, as is not usual in life, in this context they are studied analytically and constructively.

In this approach case studies may be used. These however should just be the preliminary, the warm-up, for the group's coming to grips with itself and appraising and developing itself collectively and individually. This type of training design permits *individual* rates of progress that can, and do, differ. It precludes the necessity of having to tailor separate programs for each person.

How do we go about finding persons with the experience and skills necessary to do this type of training? There are several methods available. There are educators and consultants skilled in these techniques who may be brought in to set up such a program.[12] In addition, trainers or managers who have completed the programs at the National or Western Training Laboratories in Group Development (to mention only two of the many such programs now available) could initiate and work with this type of program.

Conclusion

This is, at best, a limited presentation of a method of executive appraisal which differs from the usual. It is no proven panacea but it does offer great promise. This promise is not based upon idle speculation and vaporous theorizing but rather upon the results of much of the significant research of our social scientists.

It is too true I fear that we have let the vital discoveries of our physical scientists capture our imagination and our attention. In the field of social science the advances have been comparatively slow and relatively intangible. However we cannot neglect man in our pursuit of progress. He, indeed, in the long run, must shoulder the burdens as well as enjoy the benefits of this progress. It is incumbent that we turn our eyes upon ourselves and through the microscope of the social scientists study that vast unknown — the human. It is only then that our personal and managerial philosophies and methodologies will begin to keep pace with our technological progress. It is only then that we will be able to begin to clear our mental attics of the half-truths, the stereotypes, the shibboleths of yesterday.

Executive appraisal, like all facets of contemporary management, must keep pace with the realities of life as we are coming to know them. It is to the relatively unsung social scientists that we must turn for this reality, this truth. Only then will we be sure that we are truly progressing toward the effectiveness and satisfaction we all desire. ■

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[10] One of the best examples of such a process in operation in our culture is Alcoholics Anonymous. Here group action effects changes in behavior necessary to restore a person to a useful life.

[11] Mylander, W. H. "Management by Executive Committee", Harvard Business Review, May-June 1955.

[12] For detailed accounts of the engendering of such programs in industrial or governmental concerns see Kallejian, V. J., Weschler, I. R. and Tannenbaum, R., "Managers in Transition", Harvard Business Review, July-August 1955; Gordon, T., "Group-centered Leadership", New York, Houghton Mifflin, 1955; Blansfield, M. G., "Executive Development: A Group Training Approach" Personnel, March 1956.

Willingness to transgress the usual and customary modes of action s a source of weakness as well as strength

The Promoter

—an omitted chapter in the textbooks

By BERNARD SARACHEK

RECENTLY the author found himself hard pressed to locate discussions in the literature of management dealing with promoters and promotions. Only two discussions were found.[1]

There are, of course, good reasons why sparse attention has been given to the problems of promotion:

1) As consultants and executives, students of management normally acquire their practical experience in going concerns, and not in new promotional ventures.

2) Promoters are generally more concerned with legal, financial and marketing problems than they are with problems of internal organization. Many of the promoters' services are performed before anything resembling an organization begins to emerge.

3) Promotions generally involve doing something new or different. Furthermore, the natures of the promotions are affected by the personalities of the promoters to a far greater degree than the natures of going concerns are affected by the personalities of their chief executives. Thus, it is quite difficult to generalize concerning the principles and problems of promotions.

Yet, despite the lack of interest that has been displayed by management writers, the subject of promotion deserves an important place in the study of business management. The author hopes to fill a few "blanks" by presenting a few generalizations concerning the nature of promotions and promoters.

Types of Promoters

It is possible to distinguish between three basic types of promoters.

1) PROFESSIONAL PROMOTERS:

a) Professional promoters engage in a series of promotions during their lifetimes. Once their promotions have been completed they divest themselves of further responsibilities for their ventures. If any ties remain, they will take the form of promoters' stocks or other contingent rewards due the promoters for their services.

b) Professional promoters are, by nature, speculators and nonconforming opportunists. They are interested in carrying out profitable promotions rather than building organizations that will endure after the promotional phase of organization has been completed. Often a successful promotion will result in a sound organization, but this is not always the case.

c) Extensive knowledge of the managerial and production problems associated with the promotion are not essential prerequisites for professional promoters. They are quite willing to undertake ventures in industries that are unfamiliar to the promoters.

d) Professional promoters must possess the imagination to visualize profit prospects that others — too encased in their customary modes of action—are unable to see. If any personal attribute is essential to the success of these promoters, it is the attribute of *alertness* to profit prospects.

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[1] William B. Cornell; "Initial Problems of Organization," Chap. 2, *Organization and Management in Industry and Business*, Huxley Madeheim, (New York, 1958).
Lynn Bollinger; *Management of New Enterprises*, John Day, (Homewood, 1954).

e) Professional promoters are not concerned with long range promotions. They seek opportunities promising fairly immediate rewards. Thus the foresight to envisage distant possibilities for success and reward need not be among their personal attributes.

Examples of promotions attracting professional promoters might include the following: the sale of gadgets that will sell as fads for a few months; the creation of new enterprises designed to purchase valuable assets from other enterprises that have, for one reason or another, failed financially; the promotion of mergers and amalgamations. Often professional promoters will simply sell new ideas to established enterprises. When professional promoters do set up new enterprises, they soon relinquish managerial control to others.

2) Entrepreneurial Promoters: J. A. Schumpeter has dealt quite extensively with the entrepreneurial promoter. The Schumpeterian entrepreneur possesses the following characteristics:

a) Entrepreneurial promoters commit themselves permanently to the enterprises they promote.

b) Their promotions always involve some sort of innovation.

c) The entrepreneurial promoters must overcome the social resistance of custom and routine that faces their innovations.

d) Entrepreneurial promoters must introduce innovations with which buyers are quite unfamiliar. To envisage needs before effective demands even exist requires keen powers of foresight and imagination. Such foresight could only come from complete familiarity with the industries and markets of the innovations.

e) The process of breaking through "the cake of custom" and "educating the consumer" generally requires a substantial period of time. Thus, unlike professional promoters, the entrepreneurial promoters expect to gain their rewards over a long run period of development.

Entrepreneurial promoters, like professional promoters, are nonconformists. They refuse to be bound by the customary rules of society. They are not entirely adverse to following unethical or illegal courses of action.

Professional promoters have often watered stocks to their own advantage. They have frequently come dangerously close to acting as mere confidence men, promoting valueless paper organizations in order to sell stock. In like manner, entrepreneurial promoters have resorted to unethical and illegal means of promoting their interests to the detriment of their competitors and the public.

Even when conforming to the legal and ethical codes of society, promoters will still display a flair for the unusual. Perhaps the classic example of such behavior was Henry Ford's attempt to attract labor by offering the then unheard-of wage of $5 a day.

3) Businessmen Promoters:

a) Businessmen promoters differ little from the businessmen of going concerns. They are neither speculators nor visionaries.

b) Businessmen promoters will establish enterprises that are quite similar to those already in existence.

These three types of promoters must possess at least one common characteristic. They must be good salesmen. By salesmanship the author refers to the ability to transfer one's own enthusiasm to others. Promoters must be able to convince bankers and capitalists to back ventures that are nothing more than ideas that have yet to exist as concrete realities. Promoters must convince competent executives and professional men to undertake risks to their occupational ambitions and their reputations by joining the new organizations. Promoters must convince wholesalers and retailers to undertake the risks of joining the distributive organizations of the new enterprises.

The quality of salesmanship required of businessmen promoters is often very little. Indeed, if they employ their own capital and manage their own enterprises without outside help, they will need only the sales ability necessary to attract customers. When businessmen promoters must sell outside interests on the worthiness of their ventures, they at least have the advantage of selling types of ventures that have been proven successful by competitors. In businessmen promotions the greatest risk is the managerial ability of the promoters. If their managerial abilities have been demonstrated previously in other enterprises, resistance to the promotion will not be great.

The nature of the promotions that attract professional promoters are such that the promoters can make the promise of fairly immediate profit. Entrepreneurial promoters, on the other hand, must sell ideas that will prove to be successful only at some distant future. Frequently entrepreneurial promoters must sell ideas quite different from anything that has been previously attempted. It follows that the sales ability required of the entrepreneurial promoter is much greater than that required of the professional promoter.

Promoters' "General Staff"

The need to "sell" the promotion to others provides an effective check on the vision and enthusiasm of the promoters. Those who stand to suffer risks of career or capital in the proposed venture add a sense of restraint that tempers the optimism of the promoters. Invariably, the degree of enthusiasm and the willingness to cooperate displayed by those who undertake the risks of career and capital will affect the promotional plans—the discounts and privileges afforded distributors; the scale of operations planned; the nature and extent of the assets to be purchased; the capitalizations of the new enterprises. In effect, the promotions become transformed into collective undertakings.

Some of those who undertake the risks of career and capital become the initial advisors of the promoters. Advice is a major function of top-level executives and professional specialists enlisted into the new venture. Important suppliers of capital — particularly investment bankers — will seek to protect their investments by obtaining seats on the boards of directors of the new enterprises, and by acting as the financial advisors of the new management. Important suppliers or distributors will be relied upon to provide necessary market information and advice. At times they may even take places on the boards of directors.

Independent professional agents will round out the advisory staffs of the promoters. These agents will include corporation and patent lawyers, realtors, market consultants, and engineering consultants.

Lawyers provide promoters with advice concerning the advantages and disadvantages of alternative legal forms of organization. Lawyers examine important legal technicalities and provide advice as to avoiding or availing of such technicalities. One important function of lawyers is simply to provide expert advice to promoters when dealing with investment bankers. Promoters are generally at a disadvantage when bargaining with well-staffed experienced investment bankers over matters of control and distribution of earnings. Finally, lawyers perform the valuable service of advising promoters on matters pertaining to the protection of patents, trademarks, options and copyrights.

Reliable realtors provide promoters with expert advice concerning plant and office location. Realtors can supply promoters with information pertaining to local zoning laws, labor unrest and labor availability in the community, transportation facilities and access to the community or the plant site, city ordinances, community taxes and community politics.

Market consultants can provide aid on matters of advertising, market research, product design and packaging, and even channel selection. Engineering consultants provide advice concerning the technical and logistical problems of plant, layout and production.

The Problems of Promotion

1) *Secrecy* is often a necessary feature of promotion. If the promotion is a merger, secrecy is essential to prevent the organization of opposing minority interests among investors. Secrecy will also be necessary to prevent anticipatory speculation in the securities of the enterprises to be merged. Secrecy may be necessary to prevent potential competitors from emulating the proposed venture before the promotion has passed the planning stage and has become a reality. Secrecy is often necessary to prevent land speculation in communities in which the promoter plans to build or buy plant equipment.

2) *Protection* is also an important feature of promotions. Patent rights, copyrights and trademarks must be protected. Promoters must protect the proposed enterprises by obtaining options and leases to land or other assets. Often promoters will guarantee the availability of distributive outlets and sources of supply by selling interests in the promotions to distributors and suppliers, in order to give them vested interests in the promotions.

3) *Restrictive Laws*: Efforts to protect promotions may transgress the anti-trust laws. Frequently patent protection and the protection of sources of supply or distributive outlets will lead to patent monopolies and preferential treatment by suppliers and distributors, to the detriment of competition.

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When promotions take the form of mergers, the dangers of running afoul of the antitrust laws are particularly great, since mere size can be interpreted to constitute monopoly power.

Promoters of new innovations may be faced with restrictive laws enacted for the express purpose of inhibiting the growth and development of the new innovations. The first promoters of chain stores and department stores probably did not anticipate the restrictive legislation that was eventually enacted. In England, the growth of the automobile industry was inhibited by laws designed to prevent, or strictly regulate the use of motored vehicles.

4) *Marketing Problems*: The promoters of new products face the same marketing problems that are faced by established organizations undertaking new product development. Products must be priced and packaged. Promoters must decide on the segments of the market to which they will make their appeals. They must determine the manners in which they will make their appeals and the channels of distribution that they will utilize. They must determine the rewards to be given to distributors for their services and the policies that they will require distributors to follow.

5) *Scale of Operations*: Promoters must face the problem of determining the scale of operations for the new enterprises. A large initial investment might not be fully employed until a substantial period of development has elapsed, and not until substantial efforts have been made to gain consumer acceptance. There is always the risk that a large scale operation may never support the level of demand that will ultimately be realized. A large initial investment might prevent the utilization of more efficient plant and equipment at some later date.

On the other hand, a small scale investment may encumber the enterprise with fixed capital commitments that will limit the ability of the enterprise to expand into a large scale operation in the future. Furthermore, a small scale operation may result in a higher cost per unit of output.

6) *Control*: New enterprises frequently undergo rapid periods of expansion that necessitate the retention of earnings and the further recruiting of outside investment capital. Along with new commitments of investment capital may

come increased demands by the owners of capital or by the investment bankers for greater control over the new enterprises, and for greater shares in the earning power of the new enterprises. In this contest for control increasing profits strengthen the bargaining power of the promoters, while financial stringencies strengthen the bargaining power of the capital suppliers.

7) *Rising Costs*: Successful promotions in expanding industries lead to rising costs for many strategic factors of production. The early expansion of the automobile industry, for example, tended to boost the prices of supplies such as rubber and electrical equipment. Many firms have been confronted with labor shortages. As the enterprises expanded, local sources of labor were exhausted.

These shortages may eventually induce a greater degree of vertical integration or other concerted efforts to control the factors of production.

The Promoter and Internal Organization

The willingness of entrepreneurial promoters to transgress the usual and customary modes of action is the source of their success. This nonconformist attitude is, however, a source of weakness as well as strength. The aggressive nonconforming promoters find it difficult to accept the orderly "red tape" and system that typifies the going concern. As top executives of new enterprises promoters frequently are guilty of setting up too few working rules to guide their subordinates. Indeed, entrepreneurial promoters are usually quite willing to violate the few working rules that have been established.

The subordinates of entrepreneurial promoters generally possess a minimum of authority. What authority they do possess is poorly defined, and may be transgressed at will by the promoters. These subordinates are actually the personal lieutenants of their chiefs. The entrepreneurial promoters tend to assume direct responsibility for as many decisions as possible. The execution of decisions made by the promoters rather than the decision making function itself is delegated to the lieutenants of the promoters.

In part, centralized decision making results from the fact that the entrepreneurial promoters must bring together subordinates who have never had the opportunity to work together in the same managerial group. However, the habit of over-centralizing decision making tends to persist as long as the entrepreneurial promoters are the chief executives of their enterprises.

Thus, entrepreneurial promoters fail to develop smooth functioning organizations. Most important, they fail to develop subordinates who are capable of assuming the role of chief executive at the time of succession. As a result, succession inevitably involves an organization crisis.

Out of the crisis will eventually emerge a suitable successor. It is the successor who begins to establish a smooth functioning organization with well defined policies and working rules. To correct the organizational failings revealed in the crisis of succession, the new chief executive will clearly define the zones of authority and responsibility of his subordinates. Subordinates will be given greater responsibility for decision making. Often succession will result in transforming the organization into a highly decentralized operation.

The organization crisis frequently leads to the wholesale replacement of former lieutenants of the entrepreneurial promoter. These old lieutenants are often too unwilling or unable to assume personal responsibility for decisions that they formerly expected their superiors to make.

Entrepreneurial promoters tend to rely heavily on their own powers of insight for guidance in decision making. In part this is due to the fact that their organizations are so highly centralized that the channels of communication leading to the office of chief executive are too congested to permit proper evaluation of information. The chief executive of an over-centralized organization must make too many decisions in too short a time to permit careful evaluation of information and data.

Since entrepreneurial promoters rely heavily on personal insight to guide decision making, and on personal lieutenants to carry out decisions, the personalities of these promoters pervade and dominate their organizations to a much greater degree than is the case in well organized enterprises. The entrepreneurial promoters become, in effect, the embodiment of the spirit of their organizations. Investors and subordinates come to view them as sources of strength, genius, initiative, and guidance. Even to outsiders these entrepreneurial promoters assume a symbolic significance. When one thinks of Ford Motors, he also thinks of the character and personality of Henry Ford I. When one thinks of U. S. Steel, he also thinks of J. P. Morgan. When one thinks of Westinghouse, he also thinks of George Westinghouse.

The successors of the entrepreneurial promoters cannot avail themselves of the authority and respect accorded the promoters. Whether raised from the ranks of former subordinates or imported from outside the organization, the succeeding chief executives lack the symbolic stature that the entrepreneurial promoters attained. In place of personal stature, a new chief executive will attempt to enhance the prestige of the office of chief executive. Authority and leadership are ascribed to the office of chief executive rather than directly to the personality of the individual assuming that office. Enhancing the office is part of the task of creating a well-structured going organization that is not dependent on the personality of individuals. Carefully defining the policies of the organization and the exact responsibility of each subordinate further enhances the prestige of the office of chief executive, for such definition also involves defining the authority of the chief executive.

Lacking the symbolic authority and prestige of the entrepreneurial promoters, the successors are forced into the position of relying on the advice and cooperation of subordinates. This diffusion of authority is a further step in the creation of going concerns that do not depend on individuals.

Promoters represent distinct managerial types that are quite different from the managers of going concerns. This being the case, the subjects of promotion and promoters deserve much more study by students of management. ∎

University Division News: 13 New Chapters Scheduled to Be Added

By HAROLD FISCHER, President

WE WERE PLEASED to receive the following communication from Harold G. Dunford, student representative, Business Management Department — Brigham Young University:

"During the past few years our department has grown rapidly. Consequently we feel the need for a high caliber organization to weld us together and enable us to gain a better understanding in all fields of business management."

The University Division of S.A.M. is the organization that can and does integrate the various functions of management. During the first semester of the current academic year, eleven new chapters were chartered. Thirteen more student chapters are in the process of development as we go into the second semester—an indication of the growing recognition of the value of affiliation with S.A.M.

The following excerpt from a letter of Professor Jerome Snyder, faculty advisor of the newly chartered Harpur College Chapter; Endicott, N. Y., was most stimulating and is indicative of developments in many parts of the country:

"This is a red-letter day. With the terrific cooperation of the Binghamton Chapter under the dynamic leadership of its president, Dr. Darrell T. Piersol, our students have caught fire and are ready to go with a student chapter of S.A.M."

Thanks also 'go to George T. Kraemer of the Binghampton Chapter for his help in the inauguration of this chapter. This is a reflection of the growing recognition of the mutuality of interests of education and business.

In March, a new chapter was chartered at Fairfield University, Fairfield, Conn., thanks to the outstanding work of Joseph Charlow, Jr., student organizer and campus leader and the members of his organizing committee. Joe advises us that Prof. Robert O'Neil is their faculty advisor and "he is very interested in our venture and under his guidance I know we will do well".

The fine cooperation of Professors Alfred L. Thimm and Benjamin P. Whitaker, with Edward W. Schurick, president, Hudson Valley Senior Chapter, resulted in the organization and chartering of a new University Chapter at Union College, Schenectady, N.Y. A letter from Professor Whitaker, chairman, Department of Economics, is enlightening:

"The officers of the Hudson Valley Chapter have been most encouraging and cooperative in the matter of organizing a chapter here at the college. It is a real satisfaction to me that we now have this group organized and have already made some progress in launching the program."

The organization of a new student chapter at M.I.T. is well under way and it should be in full operation in April, thanks to the fine work of Prof. Billy Goetz, with the cooperation of Dr. Rhea H. West, Jr., former faculty advisor of the University of Arkansas Chapter, and Eugene Doody of the Boston Senior Chapter.

Regional Conferences

The Hofstra College Chapter was host on March 25 and 26, to the New England-Empire State Regional Conference of S.A.M. University Chapters. The theme of the Conference was "Labor and Management" and outstanding speakers appeared on the program. One session was devoted to the presentation of reports on plans and activities of the chapters present and all benefited from the exchange of experiences in the operation of the University Chapters. This Conference has been held for a number of years with different colleges taking turns in arranging the program. It has developed a closer relationship and a fellowship not otherwise possible. Congratulations to the Hofstra Chapter, Robert Carroll, president, Professor Fred Steiner, Jr., faculty advisor, and the Conference Committee.

In one of the workshops of the third Annual Regional Conference sponsored by Ohio University Chapter on March 11, an interesting discussion revolved around the topic, "Delegation, Dedication and Irritation", and the Banquet address likewise was concerned with an interesting subject, "Supervisors Work Too". Congratulations to Dick Williams, president, Professor Ralph D. Smith, faculty advisor, and the members of the committee.

Chapter Activities

The Northern New Jersey Senior Chapter of S.A.M. is to be congratulated on the Spring contest that they are sponsoring among the students of the University Chapters under their sponsorship. A Certificate of Achievement and an S.A.M. Key will be awarded to the student who prepares the best paper on a management subject. Each chapter submits its outstanding paper and they are scored for content by a special committee of the Senior Chapter, taking into consideration originality, interest, the value to management, industry, society or chapter. On Saturday, April 30, at the Spring Conference of the student chapters, at Newark College of Engineering, each winning student will present his paper to the Conference and will be rated on his presentation. The student with the hightest total score for content and presentation will receive the Certificate and Key. Fred Lorentz, vice president of Civic Affairs of the Senior Chapter is handling the arrangements this year. The chapter is desirous of encouraging a professional interest in management techniques among the students and this plan certainly provides the recognition and motivation.

Although the new chapter at Southwestern Louisiana Institute has been in operation for only a few months, they have undertaken a campus project that merits commendation. They are arranging a Leadership Clinic for the officers of all campus organizations. Through this means the chapter will render a service to the institution by training the officers of campus organizations in effective leadership. We salute William C. Davis, president, Professors Irwin Weinstock and Rexford C. Hauser, faculty advisors, and Warren Barras and his committee for this constructive project.

Senior Advisory Committee

We are expecting many good suggestions from the members of the Senior Chapter Advisory Committee who are working with

Alumni Advisory Committee Formed

PETER MONK (McGill University) is serving as chairman, along with Joe Gilman, (LaSalle College—Eve. Div.) and Fred Veal, (Univ. of Tennessee) as vice chairman, of the newly organized Alumni Advisory Committee. They have started the ball rolling and they are going to come up with some interesting suggestions for the University Division. They and the members of their committee all were dynamic leaders of their University Chapters.

The other members of the committee are: George A. Avdellas, (Univ. of Pittsburgh), Roy A. Bartz, (Univ. of Wisconsin), Neal A. Charbonneau, (Sacramento State College), Walter L. Fanz, (Kent State Univ.), Marc S. Gillespie, (Ohio Univ.), John E. Hannan, (Loyola Univ. of Chicago), James Hardee, (Georgia Institute of Technology), Ruth Hesselbrock, (Villa Madonna College), John F. Hodnett, (Pennsylvania Military College), Charles A. Lipetz, (N.Y.U. school of Commerce), Ruth Marcovitz, (George Washington Univ.), Paul McDonald, (American Univ.), Robert A. Nackers, (St. Norbert College), A. Leonard Parrott, (Babson Institute), Harriet Shapiro, (Univ. of Omaha), Samuel V. Sotir, (Clark Univ.).

At present they are working on an "Idea Booklet". This will contain information concerning unique activities of some of the chapters, particularly those that reflect creative thinking, provide a distinct service, and embody good organization, planning and control. It is the hope of the group that this may well serve as a method for the exchange of information among our chapters and a means of sharing ideas with each other.

— H. F.

S.A.M. Rating of Time Study Films

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For complete details, contact the Research Division, Society for Advancement of Management 74 Fifth Ave., New York 11.

Robert F. Roundy, chairman and Henry J. Arends, vice chairman: Edward J. Berghausen (Cincinnati), J. N. Berrettoni (Cleveland), Donald Comer, Sr. (Alabama), Howard R. Dearborn (Kansas City), Martin Doring (New Haven), C. Norman Draper (Washington), Percy N. Ekholm (Milwaukee), James E. Hoover (Indianapolis), Lee H. Huntley (Cincinnati), Clifford C. James (Baltimore), Ernest D. Kosty (Detroit), Thomas S. Mertes (Wilmington), J. Alan Ofner (Chicago), Dana W. Paff (Orange Coast), Colin W. Perry (Montreal), W. Bernard Saunders (St. Louis), Walter A. Schratz (Pittsburgh), Richard J. Steele (Los Angeles), Hezz Stringfield, Jr. (Knoxville), Lloyd M. Swaim (Fox Valley), Charles L. Terrel (San Diego), George A. Wildridge (Central New York). The interest and support of these S.A.M. leaders is most gratifying.

The University Division continues on the march!

Correspondence: More On Using 'Great Books' As Aids to Management

The author of the following letter is Librarian at the Lederle Laboratories Division of American Cyanamid Co.

THE IDEA of using literature for management training as expressed by Dr. J. L. Vaughan in "Literature as Case History for Business" (February 1960 ADVANCED MANAGEMENT) deserves further consideration from management. Established courses and procedures that make use of literature in discussing the basic ideas of human conduct are now available. The Great Books Foundation of Chicago has organized six series of discussion courses based on literature. These cover some of the books mentioned by Dr. Vaughan. The first year contains Shakespeare's *Macbeth*, Plutarch's discussion of *Lycurgus and Numa*, Machiavelli's *The Prince*, and the *Declaration of Independence* as only four of the 16 readings that constitute the course. *Hamlet* is part of the second year readings with *King Lear* a part of the third year.

The Great Books theory of discussion is well suited to group study because the leader is specifically instructed to ask questions and not to expound his own previously formed opinions. This allows the group to attack the problem at its level of readiness. Another point in the Great Books theory is to limit the group to discussing only the ideas of the author and how he has expressed them in his work. This tends to prevent the glib personality from taking over and permits the group to advance at its own rate of development.

Literature can be utilized to educate or even indoctrinate some of the more subtle needs in management. Would some readers of AM be willing to suggest the titles that should be considered the classics in management literature for inclusion in a management supervisory reading course?

J. ALAN MACWATT
Pearl River, N. Y.